

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re	:	
	:	Chapter 11
SEARS HOLDINGS CORPORATION, <i>et al.</i> ,	:	
	:	Case No. 18-23538 (RDD)
	:	
Debtors. ¹	:	(Jointly Administered)
-----X		

AFFIDAVIT AND DISCLOSURE STATEMENT OF BRIAN STOLZENBACH,
ON BEHALF OF SEYFARTH SHAW LLP

STATE OF ILLINOIS)
) s.s.:
COUNTY OF COOK)

Brian Stolzenbach, being duly sworn, upon his oath, deposes and says as follows:

1. I am a partner of the law firm Seyfarth Shaw LLP, located at 233 S. Wacker Drive, Suite 8000, Chicago, Illinois 60606 (the “**Firm**”). The Firm is a leading national law firm

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

of approximately 900 lawyers with U.S. offices in Atlanta, Boston, Chicago, Houston, Los Angeles, New York, Sacramento, San Francisco, and Washington, D.C. and with international offices located in Hong Kong and Shanghai, China; London, United Kingdom; and Melbourne and Sydney, Australia. The Firm has expertise in fields including litigation, labor and employment, corporate, real estate, and employee benefits law.

2. Sears Holdings Corporation and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), have requested that the Firm provide labor and employment and employee benefits services to the Debtors, and the Firm has consented to provide such services (the “**Services**”).

3. The Services include, but are not limited to, the following:

- i. preparing non-immigrant visas and related services, including for dependent family members, and immigrant visas, including permanent residence applications and additional permanent residence application services, according to the fixed fee schedule attached as **Exhibit A** hereto (the “**Fixed Fee Immigration Services**”); and
- ii. advising Debtors on pension, welfare, executive compensation, and other employee benefit matters; representing Debtors in proceedings before various federal and state administrative agencies with responsibility for employee benefits and labor and employment law matters; providing employment law counseling, including counseling on compliance with the Workers Adjustment and Retraining

Notification Act of 1988 and analogous state laws, as well as various other federal, state, and local employment laws; representing Debtors in employment-related litigation in federal and state courts; advising Debtors on labor relations matters, including counseling on bargaining strategy in the context of applicable law and counseling on compliance with the National Labor Relations Act and Debtors' collective bargaining agreements; representing Debtors in litigation before the National Labor Relations Board and labor arbitrators; counseling Debtors on compliance with workplace safety law; advising Debtors on labor and employment issues, as well as some general corporate law issues in Asia, in conjunction with corporate transactions; and providing counseling on compliance with immigration laws (**"Hourly Fee Labor & Employment Services"** or **"Hourly Services"**).

4. The Firm has performed services in the past and may perform services in the future, in matters unrelated to these chapter 11 cases, for persons that are parties in interest in the Debtors' chapter 11 cases. As part of its customary practice, the Firm is retained in cases, proceedings, and transactions involving many different parties, some of whom may represent or be claimants of the Debtors, or other parties in interest in these chapter 11 cases. The Firm does not perform services for any such person in connection with these chapter 11 cases except that the Firm represents Wilmington Trust, National Association, as indenture trustee and collateral agent

for the 6-5/8% Senior Secured Notes due 2018 (“**Wilmington Trust Company**”) in these chapter 11 cases. With respect to same, Seyfarth has received conflict waivers from Wilmington Trust Company and Debtors. In addition, the Firm does not have any relationship with any such person, such person’s attorneys, or such person’s accountants that would be adverse to the Debtors or their estates with respect to the matters on which the Firm is to be retained.

5. Neither I, nor any principal of, or professional employed by the Firm has agreed to share or will share any portion of the compensation to be received from the Debtors with any other person other than principals and regular employees of the Firm.

6. Neither I nor any principal of, or professional employed by the Firm, insofar as I have been able to ascertain, holds or represents any interest materially adverse to the Debtors or their estates with respect to the matters on which the Firm is to be retained.

7. To the best of my knowledge, as of the commencement of this chapter 11 case, the Debtors owed the Firm \$696,035.85 in respect of prepetition services rendered to the Debtors. In addition, through and including December 31, 2018, the Debtors have incurred post-petition fees of approximately \$210,000.

8. The Firm is conducting further inquiries regarding its retention by any creditors of the Debtors, and upon conclusion of this inquiry, or at any time during the period of its employment, if the Firm should discover any facts bearing on the matters described herein, the Firm will supplement the information contained in this Affidavit.

Pursuant to 28 U.S.C. §1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct, and that this Affidavit and Disclosure Statement was executed on February 14, 2019, at Chicago, Illinois.


Brian Stolzenbach

SWORN TO AND SUBSCRIBED before
me this 14th day of February, 2019


Notary Public



UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X	:	
In re	:	
	:	Chapter 11
SEARS HOLDINGS CORPORATION, <i>et al.</i> ,	:	
	:	Case No. 18-23538 (RDD)
	:	
Debtors. ¹	:	(Jointly Administered)
-----X	:	

RETENTION QUESTIONNAIRE

TO BE COMPLETED BY PROFESSIONALS EMPLOYED by Sears Holdings Corporation and its debtor affiliates, as debtors and debtors in possession (collectively, the “**Debtors**”).

All questions **must** be answered. Please use “none,” “not applicable,” or “N/A,” as appropriate. If more space is needed, please complete on a separate page and attach.

1. Name and address of professional:

Seyfarth Shaw LLP (“**Seyfarth**”), 233 S. Wacker Drive, Suite 8000, Chicago, Illinois
60606.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, L.L.C. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

2. Date of retention:

Seyfarth was retained and has been engaged by Debtors continuously since December 2013.

3. Type of services to be provided:

Legal services related to labor and employment issues, as well as some general corporate law issues in Asia in conjunction with corporate transactions.

4. Brief description of services to be provided:

Advising Debtors on pension, welfare, executive compensation, and other employee benefit matters; representing Debtors in proceedings before various federal and state administrative agencies with responsibility for employee benefits and labor and employment law matters; providing employment law counseling, including counseling on compliance with the Workers Adjustment and Retraining Notification Act of 1988 and analogous state laws, as well as various other federal, state, and local employment laws; representing Debtors in employment-related litigation in federal and state courts; advising Debtors on labor relations matters, including counseling on bargaining strategy in the context of applicable law and counseling on compliance with the National Labor Relations Act and Debtors' collective bargaining agreements; representing Debtors in litigation before the National Labor Relations Board and labor arbitrators; counseling Debtors on compliance with workplace safety law; advising Debtors on labor and employment issues, as well as some general corporate law issues in Asia, in conjunction with corporate transactions; and providing counseling and representation in the area of immigration law, including compliance counseling and the preparation of visas, residence applications, and related services.

5. Arrangements for compensation (hourly, contingent, etc.):

Seyfarth will charge for performing the legal services primarily on an hourly basis, at 90% of its 2018 standard hourly rates. Fixed Fee Immigration Services will be billed according to the schedule of fixed fees attached as Exhibit A to the Affidavit and Disclosure Statement of Brian Stolzenbach on Behalf of Seyfarth Shaw LLP.

(a) Range of hourly rates:

Professional Category	Range
Partners/Sr. Counsel	\$545-\$870
Associates/Counsel	\$300-\$545
Legal Assistants/Paralegals	\$100-\$300

To date, for hourly-billed services provided since October 15, 2018, the average hourly rate has been approximately \$575 per hour.

(b) Estimated average monthly compensation based on prepetition retention (if company was employed prepetition):

Estimated average monthly compensation based upon Seyfarth's prepetition retention would be approximately \$275,000 per month; however, that would substantially overstate a realistic estimate of Seyfarth's average monthly post-petition compensation because Seyfarth's prepetition compensation was based on the active defense of dozens of employment lawsuits, which have been stayed as a result of the bankruptcy, as well as other legal activity that is anticipated to be reduced post-petition. Based on a more realistic assessment of post-petition activity, Seyfarth estimates that its average monthly post-petition compensation will be approximately \$100,000.

6. **Prepetition claims against the Debtors held by the company:**
- (a) **Amount of claim:** \$696,035.85
 - (b) **Date claim arose:** Between August 2018 and the date of the Debtors' bankruptcy filing.
 - (c) **Nature of claim:** Pre-bankruptcy legal services as described above and associated costs.
7. **Prepetition claims against the Debtors held individually by any member, associate, or employee of the company:**
- (a) **Name:** To the best of my current knowledge, none.
 - (b) **Status:** N/A.
 - (c) **Amount of claim:** N/A.
 - (d) **Date claim arose:** N/A.
 - (e) **Nature of claim:** N/A.
8. **Disclose the nature and provide a brief description of any interest adverse to the Debtors or to their estates for the matters on which the professional is to be employed:**

To the best of my current knowledge, none.

9. **Name and title of individual completing this form:**

Brian Stolzenbach, Partner, Seyfarth Shaw LLP

Dated: February 14, 2019